

How to Cite

Herawati, A., Sutrisno, T., & Purwanti, L. (2023). Determinants of auditor's ability to detect fraud with professional skepticism as moderation at the inspectorate general of the ministry of public works and public housing. *International Journal of Business, Economics & Management*, 6(2), 123-133. <https://doi.org/10.21744/ijbem.v6n2.2132>

Determinants of Auditor's Ability to Detect Fraud with Professional Skepticism as Moderation at The Inspectorate General of the Ministry of Public Works and Public Housing

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Abstract---*The high number of fraud cases in Indonesia has caused huge losses. When fraud cases are disclosed by external parties, what often becomes the public spotlight is the failure of the internal auditor's role in detecting fraud. This study aims to examine the factors that influence the auditor's ability to detect fraud. The data used in this study is primary data sourced from the auditors of the Inspectorate General of the Ministry of Public Works and Public Housing (MPWH) with a total sample of 117 respondents. Data was obtained through a closed questionnaire. The sampling technique is random sampling. The analysis technique in this study is to use Moderated Regression Analysis (MRA), including the t-test and R² test. The results of the analysis show that competence, independence, and whistleblowing have a positive and significant effect on the auditor's ability to detect fraud. The moderating effect of professional skepticism can strengthen the effect of competence and independence on the auditor's ability to detect fraud. On the other hand, professional skepticism does not moderate the effect of whistleblowing on the auditor's ability to detect fraud.*

Keywords---*Auditor's ability to detect fraud, competence, independence, professional skepticism, whistleblowing.*

Introduction

The phenomenon of fraud is still common in Indonesia. Fraud is found in various sectors, both public and private sector organizations. This can be seen from Transparency International's annual publication, which notes that the Corruption Perceptions Index for 2021, Indonesia occupies the 96th position out of a total of 180 countries (Solichin et al., 2022). In the Indonesian Government Internal Audit Standards (SAIPI) it is stated that fraud is any unlawful act marked by deception, concealment, or breach of trust (Putra, 2022). Fraud is an act that contains an element of intent (Yuniati & Banjarnahor, 2021).

ACFE has conducted studies on fraud cases that occur globally. A total of 2,504 fraud cases occurred in the period from January 2018 to September 2019 was successfully analyzed, the results of which were released in the 2020 Report to the Nations (RTTN). Fraud is estimated to have caused losses of USD 6.9 billion worldwide. The results showed that Indonesia is the country with the highest number of fraud cases with a total of 36 cases out of a

total of 16 countries in the Asia Pacific region (Hermawan et al., 2021). This condition is very worrying, so it needs proper management because the government is the number 1 organization that loses the most (48.5%) due to fraud (Akib, 2021).

One of the fraudulent acts that occurred was on December 28, 2018, the KPK carried out a hand-catching operation (OTT) related to the Drinking Water Supply System (SPAM) project in several areas with the initial evidence of IDR 500 million and SGD 25,000 and a box of money (Said & Munandar, 2018). In this case, 8 suspects have been identified, 4 of whom are commitment-making officials (PPK) at the Strategic SPAM Work Unit (Satker) and Settlement Emergency Response Satker, Directorate General of Cipta Karya. PT Tashida Sejahtera Perkasa (PT TSP) and PT Wijaya Kusuma Emindo (PT WKE) bribed PPK to arrange a SPAM development project which was won by PT TSP and PT WKE. The object of corruption is the 2017/2018 SPAM development project in Umbulan-3 Pasuruan, Toba-1, Lampung, and Katulampa. Apart from that, other objects of corruption are HDPE pipe procurement projects in Bekasi and the disaster areas of Palu, Sigi, and Donggala. (Publication of unfinished KPK case handling data - web.kpk.go.id). The KPK stated that there had been serious problems in internal control. Internal monitoring should have been running and have identified initial findings on cases of alleged bribery that spread quite massively for the SPAM project. The case of the SPAM project should be a lesson for the MPWH to carry out more optimal internal supervision (cnnindonesia.com).

Internal auditors should be a stronghold to prevent and detect irregularities. When fraud cases are disclosed by other parties, for example, the KPK or APH, what often becomes the public spotlight is the failure of the internal auditor's role in detecting fraud (Marwa et al., 2019). The auditor's ability to detect fraud is questionable because they do not detect any signs of fraud. If an auditor has limitations in detecting fraud then it will be used by other parties (Amlayasa & Riasning, 2022).

The OTT KPK incident at the MPWH will cause the level of capability of the APIP or Internal Audit Capability Model (IACM) to be questioned. The IACM Inspectorate General of the MPWH in 2021 is at level 3 – integrated, which means that APIP can assess the efficiency, effectiveness, and economy of an activity and can provide consultation on governance, risk management, and internal control (Gunawan et al., 2022). On the other hand, IACM with level 2 – infrastructure shows that APIP can guarantee the governance process is by regulations and can detect corruption. Therefore, there is a demand that APIP which has level 3 IACM can detect fraud incidents (Mustopa et al., 2020).

Internal supervision needs to be improved so that similar cases do not occur in the future. In line with this, to prevent fraud, the MPWH launched a policy of 9 fraud prevention strategies in the implementation of the procurement of goods and services by the MPWH Memo Number 01/MD/M/2020 dated 29 June 2020 (Gracia & Kurnia, 2021). Policy strategy number 8 is the establishment of an Inspectorate Investigation Division (IBI) and auditor capacity strengthening at the Inspectorate General. IBI as a new unit is tasked with preventing as well as detecting and taking action (intercept) indications/potential irregularities (fraud) within the MPWH. Auditor capacity strengthening is needed in strengthening the quality and quantity of auditors. Thus, improving the auditor's ability to detect fraud is important. This study seeks to test empirically the factors that influence the auditor's ability to detect fraud using three independent variables, namely competence, independence, and whistleblowing, and experience as a control variable and a moderating variable, namely professional skepticism (Braun, 2000; Boyle et al., 2015).

Literature Review

Attribution theory

According to the attribution theory put forward for the first time by Rritz Heider in 1958, a person's behavior is determined by a combination of internal strengths (ability, effort) and external forces (difficulties, luck) (Prayoga & Sudaryati, 2020). A person's performance and behavior can be influenced by his abilities, which come from internal strengths possessed by a person, for example, traits, character, attitudes, abilities, skills, and effort. Factors that come from outside the individual's control are external strengths of a person such as situation pressure, difficulty, or luck at work. Based on this theory, the behavior of an auditor with strong internal strength will show different behavior from that of an auditor with weak internal strength. In this case, there will be differences in the auditor's ability to assess the risk of fraud. Auditors can be negligent in fulfilling their responsibilities in detecting fraud, this is due to factors within an auditor and other factors (Hussin et al., 2017).

Auditor's ability to detect fraud

[Alsughayer \(2021\)](#), explained that the auditor's ability to detect fraud is the quality of an auditor in explaining the inappropriateness of a financial report presented by a company or organization by identifying and proving the fraud. The auditor's ability to detect fraud is a skill and skill possessed by an auditor to find indications of fraud. As mentioned in SAIFI (2021) 1220.A1 the auditor must apply due professional care to the possibility of significant error, fraud, or non-compliance, and in SAIFI (2021) 1210.A2 the auditor must have sufficient knowledge and skills to evaluate the risk of fraud and the way the organization manages risk the. In carrying out fraud investigation assignments, auditors need skills to detect acts of fraud ([Noch, 2022](#)).

Hypothesis development

According to [Alsughayer \(2021\)](#), one of the factors that influence the failure of auditors to detect fraud is technical competency constraints. The competence of the auditor is an important component in carrying out an audit because competence will affect the success rate of the auditor in detecting fraud. Through good competence, the auditor can carry out the audit process more effectively and efficiently, and the auditor can hone sensitivity in analyzing information.

Research that has been conducted by previous researchers has proven that auditor competence has a positive effect on the auditor's ability to detect fraud ([Prihantoro & Kuntadi, 2022](#)). On the contrary, it was found that competence has no significant effect on the auditor's ability to detect fraud ([Prameswari et al., 2022](#)). Based on the description above, the first hypothesis proposed is as follows.

H1: Competence has a positive effect on the auditor's ability to detect fraud

According to [Takasenserang & Indarto \(2021\)](#), independence is freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities objectively. Auditors can detect fraud because independence is inherent in an auditor ([Hermawan et al., 2021](#)). The attitude of independence is one of the important things in the success of detecting fraud and improving the ability of auditors. The attitude of independence needs to be owned by the auditor because it can be free from pressure and the interests of any party so that the auditor can detect whether or not fraud is present in the agency he has audited and if fraud is detected, the auditor is not involved in securing the practice of fraud ([Iskandar et al., 2022](#)).

Previous studies have found that independence has a significant effect on the auditor's ability to detect fraud. Independence has a positive relationship with fraud prevention in companies registered in Nigeria ([Sari, 2019](#)). This research is supported by ([Sari, 2019](#)). Unlike the case with other researchers who prove that there is no effect of independence on the ability of internal auditors to detect fraud ([Yuniati & Banjarnahor, 2021](#)). Based on the description above, the second hypothesis proposed is as follows.

H2: Independence has a positive effect on the auditor's ability to detect fraud

Whistleblowing is the disclosure of acts of violation or disclosure of acts that are against the law, unethical/immoral acts, or other actions that can harm the organization or stakeholders, carried out by employees or leaders of other organizations or institutions that can take action on these violations ([Putra, 2022](#)). Whistleblowing is a moral action when the motivation for doing so is to protect the integrity, fulfil public interest responsibilities, and correct mistakes ([Putra, 2022](#)). This is supported by the research of ([Solichin et al., 2022](#)), namely the whistleblowing system has a significant and positive effect on the auditor's ability to detect fraud. [Amlayasa & Riasning \(2022\)](#), found different things, namely that whistleblowing has no significant effect on the auditor's ability to detect fraud. Based on the description above, the third hypothesis proposed is as follows.

H3: Whistleblowing has a positive effect on the auditor's ability to detect fraud

According to AAIPI, professional skepticism is an attitude that includes a mind that always questions and critically examines the evidence. The skeptical attitude of the auditor is very important so that fraud is detected quickly. [Said & Munandar \(2018\)](#), conducted research that showed the moderating effect of professional skepticism strengthened the effect of competence on the auditor's ability to detect fraud. Based on the description above, the fourth hypothesis proposed is as follows.

H4: Professional skepticism strengthens the effect of competence on the auditor's ability to detect fraud

[Kertarajasa et al. \(2019\)](#), in their study, found that the financial auditor's ability to detect audit risk increases when he uses professional skepticism. Professional skepticism can strengthen the effect of independence on the auditor's

ability to detect fraud (Gunawan et al., 2022). Research by Gracia & Kurnia (2021), regarding the ability of auditors to detect fraud which makes professional skepticism a moderating variable shows that professional skepticism has succeeded in strengthening the effect of independence on fraud detection by auditors. The results of this study are in line with those (Prayoga & Sudaryati, 2020). Hussin et al. (2017), show a different thing, namely professional skepticism neither strengthens nor weakens the effect of independence on the auditor's ability to detect fraud. Based on the description above, the fifth hypothesis proposed is as follows.

H5: Professional skepticism strengthens the effect of independence on the auditor's ability to detect fraud

By the Attribution Theory, one of the auditors' abilities to detect fraud is determined by external attributions. One of the external attributions that determine whistleblowing. The existence of an attitude of professional skepticism in the auditor will facilitate the auditor in analyzing whether there is fraud or not so that the auditor will increase the detection of fraud in the next inspection process. Whistleblowing has a positive effect on the auditor's ability to detect fraud (Alsughayer, 2021). The existence of whistleblowing will make it easier for auditors to obtain relevant information that will lead them to the expected evidence (Prihantoro & Kuntadi, 2022). Furthermore, the auditor's ability to detect fraud will be higher with the support of professional skepticism (Hermawan et al., 2021). The results of this study are in line with (Akib, 2021). On the other hand, research by Gracia & Kurnia (2021), showed that professional skepticism cannot provide a moderating effect. Based on the description above, the sixth hypothesis proposed is as follows.

H6: Professional skepticism strengthens the influence of whistleblowing on the auditor's ability to detect fraud

Method

The research design used is a causal quantitative research design. This research is classified as a survey method that uses a questionnaire as a data collection tool. The type of data used in this study based on the acquisition is primary data. The population in this study are all auditors at the Inspectorate General of the MPWH. Based on staffing data at the Inspectorate General of the MPWH on February 1, 2023, the number of auditors is 147 people. The sample size in this study uses the Slovin formula because the population size can be known clearly. As for the sample calculation, the minimum number of samples in this study is 108 respondents. The sampling technique used in this study was a random sampling approach, namely a sampling method where all objects or elements of the population have the same opportunity to be selected as samples (Prayoga & Sudaryati, 2020).

Results and Discussion

Results

Descriptive statistics

Descriptive statistical analysis aims to obtain an overview of the distribution of respondents' answers that have been collected in the study, including the minimum value, maximum value, average, and standard deviation. This analysis is related to the respondents' answers to each indicator question item in each variable in the questionnaire. The results of the descriptive statistics of the research variables are described in Table 1 below.

Table 1
Descriptive statistical test results

Variable	N	Min	Max	Means	std. Dev
Auditor's Ability to Detect Fraud	117	2	5	4,111	0.793
Competence	117	2	5	4,248	0.743
Independence	117	2	5	4,280	0.704
<i>Whistleblowing</i>	117	1	5	4,024	0.876
Professional Skepticism	117	2	5	3,809	0.957

Source: Processed primary data (2023)

Based on Table 1. above, it can be seen the minimum value, maximum value, average (mean), and standard deviation. These values indicate respondents' answers from each indicator. The variable auditor's ability to detect fraud is measured by 6 indicators, having a minimum value of 2 and a maximum of 5 with an average of 4.111.

Competency variables are measured by 5 indicators, having a minimum value of 2 and a maximum of 5 with an average of 4.248. The independence variable is measured by 5 indicators, having a minimum value of 2 and a maximum of 5 with an average of 4.280. The whistleblowing variable is measured by 6 indicators, having a minimum value of 1 and a maximum of 5 with an average of 4.024. The professional skepticism variable is measured by 6 indicators, having a minimum value of 2 and a maximum of 5 with an average of 3.809. Overall it can be seen that the standard deviation value of each variable does not exceed the average value. A standard deviation value that is smaller than the average value indicates that all existing data has a low deviation value.

Classical assumption test results

This test is carried out to test the regression model because a good regression model is a model that is free from classical assumption problems. The following are the results of testing the classical assumptions.

Normality test

The normality test aims to test whether, in the regression model, the confounding or residual variables have a normal distribution. In this study, normality testing was carried out by looking at the One Sample Kolmogorof-Smirnov Test. The data is normally distributed if the resulting Asymp Sig (2-tailed) is greater than the alpha value of 0.05 (5%). Based on the results of the normality test, a significant value was produced, which was 0.200, which was greater than 0.05. This shows that the distribution of residuals is normally distributed so it can be said that the regression model meets the assumption of normality.

Multicollinearity Test

The multicollinearity assumption test is intended to test whether there is a linear relationship between one independent variable and another independent variable. Whether there are symptoms of multicollinearity can be seen from the value of the Tolerance and Variance Inflation Factor (VIF). The regression model has a multicollinearity problem if the Tolerance value is < 0.10 and the VIF value is > 10 .

Table 2
Multicollinearity Test Results

Variable	tolerance	VIF	Information
Competence	0.368	2,720	No multicollinearity
Independence	0.343	2,919	No multicollinearity
Whistleblowing	0.274	3,656	No multicollinearity
Experience	0.713	1,402	No multicollinearity
Professional Skepticism	0.975	1,026	No multicollinearity

Source: Processed primary data (2023)

Based on Table 2. above, it can be seen that these variables have a Tolerance value of > 0.10 and a VIF value of < 10 . Therefore, it can be concluded that the regression model built is free from multicollinearity problems.

Heteroscedasticity test

The heteroscedasticity test aims to test whether, in the regression model, there is an inequality of variance from the residuals of one observation to another. The way to detect whether there is heteroscedasticity in this study is to use the Glejser Test.

Table 3
Glejser Test Results

Variable	Sig.	Information
Competence	0.374	No heteroscedasticity
Independence	0.126	No heteroscedasticity
Whistleblowing	0.453	No heteroscedasticity
Experience	0.570	No heteroscedasticity
Professional Skepticism	0.117	No heteroscedasticity

Source: Processed primary data (2023)

Based on Table 3. it can be seen that the Glejser test results for all significant values (sig.) of the independent variables are greater than 0.05. This shows that in the regression model of this study, there are no symptoms of heteroscedasticity, so the regression model is feasible to use.

Results of regression analysis and hypothesis testing

This study uses the Moderated Analysis Regression (MRA) method. The MRA results are presented in Table 4. below.

Table 4
Regression test results and coefficient of determination

Model	Variable	Beta Coefficient	t-test	Sig.	Adj R2	Testing
1	(Constant)	-8,305	-5,892	.000	.883	
	Competence	.592	6,970	.000		Hypothesis 1
	Independence	.534	6.114	.000		Hypothesis 2
	Whistleblowing	.258	4,625	.000		Hypothesis 3
	Experience	.948	2,563	.012		Control Variables
2	(Constant)	5,090	1874	.064	.910	
	Competence	.342	2,969	.004		
	Independence	.256	2007	.047		
	Whistleblowing	.201	2,266	.025		
	Experience	.713	2.102	.038		
	Professional Skepticism	.175	1894	.061		
	Competence * Professional Skepticism	.016	3,285	.001		Hypothesis 4
	Independence * Professional Skepticism	.013	2,313	.023		Hypothesis 5
Whistleblowing * Professional Skepticism	.003	.800	.425	Hypothesis 6		

Based on the results of the regression test and the coefficient of determination in Table 1 above, it can be described as follows:

1. Hypothesis 1 states that competence has a positive effect on the auditor's ability to detect fraud. Hypothesis 1 is done by looking at model 1 with criteria acceptable if the value of the regression coefficient is positive with α below 5%. As shown in Model 1, the competency variable has a positive regression coefficient value of 0.592 and a significance value of 0.000 ($0.000 < 0.05$ so it is significant). The regression coefficient value of 0.592 indicates that if competence increases by one unit, the auditor's ability to detect fraud will increase by 0.592. This shows that there is a positive effect of competence on the auditor's ability to detect fraud so the proposed 1st hypothesis is supported.
2. Hypothesis 2 which states that independence has a positive effect on the auditor's ability to detect fraud, is tested by looking at model 1. The hypothesis can be accepted if the regression coefficient value is positive with α below 5%. Model 1 shows the independence variable has a positive coefficient value of 0.534 and a significance value of 0.000 ($0.000 < 0.05$ so it is significant). The regression coefficient value of 0.534

indicates that if independence increases by one unit, the auditor's ability to detect fraud will increase by 0.534. This can be interpreted that there is a positive effect of independence on the auditor's ability to detect fraud so the proposed 2nd hypothesis is supported.

3. Hypothesis 3 states that whistleblowing has a positive effect on the auditor's ability to detect fraud. The hypothesis is tested by looking at model 1 which is acceptable if the value of the regression coefficient is positive with α below 5%. As shown in Model 1, the whistleblowing variable has a positive regression coefficient value of 0.258 and a significance value of 0.000 ($0.000 < 0.05$ so it is significant). The regression coefficient value of 0.258 indicates that if whistleblowing increases by one unit, the auditor's ability to detect fraud will increase by 0.258. This shows that there is a positive effect of whistleblowing on the auditor's ability to detect fraud so that the proposed 3rd hypothesis is supported.
4. The next hypothesis testing is professional skepticism as a moderating variable that interacts with competence. Hypothesis 4 states that professional skepticism strengthens the influence of competence on the auditor's ability to detect fraud. The hypothesis is tested by looking at model 2 and can be accepted if the value of the regression coefficient is positive with α below 5%. Based on the results of testing the regression model 2, the regression coefficient has a positive sign of 0.016 and a significance value of 0.001 ($0.001 < 0.05$ so it is significant). This shows that professional skepticism can moderate and can strengthen the effect of competence on the auditor's ability to detect fraud so that hypothesis 4 can be stated to be supported.
5. Hypothesis 5 states that professional skepticism strengthens the effect of independence on the auditor's ability to detect fraud. The hypothesis is tested by looking at model 2 and can be accepted if the coefficient value is positive with α below 5%. Based on the results of testing the regression model 2, the regression coefficient has a positive sign of 0.013 and a significance value of 0.023 ($0.023 < 0.05$ so it is significant). This shows that professional skepticism can moderate and can strengthen the effect of independence on the auditor's ability to detect fraud so that hypothesis 5 can be stated as supported.
6. Hypothesis 6 states that professional skepticism strengthens the effect of whistleblowing on the auditor's ability to detect fraud. The hypothesis is tested by looking at model 2 and can be accepted if the coefficient value is positive with α below 5%. Based on the results of testing model 2, the regression coefficient is positive by 0.003 and the significance value is 0.425 ($0.425 > 0.05$ so it is not significant). This shows that professional skepticism cannot moderate the effect of whistleblowing on the auditor's ability to detect fraud so hypothesis 6 is declared unsupported.
7. The results of testing the coefficient of determination show that the influence of the independent variables competence, independence, and whistleblowing as well as the support of the experience control variable can improve in predicting the auditor's ability to detect fraud, which is equal to 88.3% and 11.7% explained by other factors outside model 1. Addition of variables Moderation of professional skepticism is also proven to strengthen the effect of competence and independence on the auditor's ability to detect fraud by increasing the value of the coefficient of determination so that now the model can predict 91% and 9% comes from other factors outside of research.

Discussion

Competence has a positive effect on the auditor's ability to detect fraud

The first hypothesis states that competence has a positive effect on the auditor's ability to detect fraud. The test results show that the first hypothesis (H1) is supported. This shows that the more competent an auditor is, the more ability to detect fraud will also increase. By Attribution Theory, a person's performance and behavior can be influenced by his abilities that come from internal strengths. In this case, it is proven that competence as an internal strength possessed by the auditor will help improve the auditor's ability to detect fraud. Auditors conducting audits must have adequate technical expertise and training. Government internal auditors are required to have and improve skills or expertise not only in audit methods and techniques but in all matters relating to government such as government organizations, functions, programs, and activities. The auditor can find out whether the audit evidence obtained contains fraud or not and can detect engineering tricks that were carried out in committing the fraud. That is, auditors who have the expertise (competence) have a better ability to detect fraud (Jenkins & Velury, 2008; Furiady & Kurnia, 2015). The auditor can find out whether the audit evidence obtained contains fraud or not and can detect engineering tricks that were carried out in committing the fraud. That is, auditors who have the expertise (competence) have a better ability to detect fraud. The auditor can find out whether the audit evidence obtained contains fraud or not and can detect engineering tricks that were carried out in committing the fraud. That is, auditors who have the expertise (competence) have a better ability to detect fraud.

These findings are consistent with the research of [Solichin et al. \(2022\)](#), which shows that competency has a positive and significant influence on auditors' ability to detect fraud. This makes competence supposed to be one of the foundations that encourages an auditor to carry out tasks according to their functions.

Independence has a positive effect on auditor's ability to detect fraud

The second hypothesis states that independence has a positive effect on the auditor's ability to detect fraud. The test results show that the second hypothesis (H2) is supported. This shows that the higher the independence of an auditor, the ability to detect fraud will also increase. In line with the concept of Attribution Theory that the success of the auditor in detecting fraud is influenced by factors from within the auditor, namely the attitude of independence. In this study, respondents confirmed that while carrying out the assignment, the auditor had carried out the principles according to the Indonesian Government's Internal Audit Standard - Attribute Standard 1100 which regulates auditor independence. The internal auditors of the MPWH prioritize the independence factor so that their audit results cannot be influenced by any party and are free from interference from any party when carrying out assignments. This means that the MPWH auditors have a fairly high level of independence ([Zhang et al., 2007](#); [Craswell et al., 2002](#)).

The results of this study are in line with previous research conducted by [Putra \(2022\)](#), which shows that independence has a positive and significant effect on the auditor's ability to detect fraud. It can be concluded that an auditor who always adheres to his attitude of independence will be better able to detect fraud because the auditor will not take sides with any party if he finds fraud during the inspection process.

Whistleblowing has a positive effect on auditor's ability to detect fraud

The third hypothesis states that whistleblowing has a positive effect on the auditor's ability to detect fraud. The test results show that the third hypothesis (H3) is supported. The findings of this study support the Attribution Theory that whistleblowing is an external or supporting attribute that is used as an early detection tool that will help the performance of auditors who have not been able to detect fraud directly. Information from whistleblowing can help the auditor investigate the possibility of fraud committed by the auditee. The more information that enters the whistleblowing system, the additional information and evidence will be obtained by the auditor to detect fraud. The auditor receives reviews and acts on this information to reduce the possibility of undetected fraud.

This research is consistent with research conducted by [Sari \(2019\)](#), which revealed that whistleblowing has a significant effect on the auditor's ability to detect fraud. Therefore, it can be said that the existence of whistleblowing assists the auditor in obtaining additional information regarding the cases that occurred so that it will help improve the auditor's ability to detect fraud.

Professional skepticism strengthens competence's effect on auditor's ability to detect fraud

The fourth hypothesis states that professional skepticism strengthens the effect of competence on the auditor's ability to detect fraud. The test results show that the fourth hypothesis (H4) is supported. Professional skepticism is proven to strengthen the effect of competence on the auditor's ability to detect fraud. A skeptical attitude is very important for the auditor to have because the auditee tends to hide fraud in a neat and structured manner. This illustrates that competence can improve the auditor's ability to detect fraud if it is supported by good professional skepticism so that the auditor can detect fraud carefully, meticulously, and objectively ([Nolder & Kadous, 2018](#)). This is in line with the Government of Indonesia's Internal Audit Standard - Attribute Standard 1200, namely that assignments must be carried out using due professional care. The results of this study are consistent with previous research conducted by [Takasenserang & Indarto \(2021\)](#), which shows that professional skepticism strengthens the effect of competence on the auditor's ability to detect fraud.

Professional skepticism strengthens the influence of independence on an auditor's ability to detect fraud

The fifth hypothesis states that professional skepticism strengthens the effect of independence on the auditor's ability to detect fraud. The test results show that the fifth hypothesis (H5) is supported. This explains that if there is an increase in the interaction between independence and professional skepticism, it will be able to increase the auditor's ability to detect fraud. Professional skepticism and independence are two very important things for the auditor to improve the ability to detect fraud ([Cohen et al., 2017](#)). About Attribution Theory, Therefore, it can be concluded that the auditor will be better able to detect fraud if the auditor does not easily believe management's assertions and

does not take sides with any party or applies an attitude of independence. The findings of this study are consistent with the research of [Prihantoro & Kuntadi \(2022\)](#), which shows that professional skepticism strengthens the effect of independence on the auditor's ability to detect fraud.

Professional skepticism does not moderate the effect of whistleblowing on auditor's ability to detect fraud

The sixth hypothesis states that professional skepticism strengthens the effect of whistleblowing on the auditor's ability to detect fraud. The test results show that the sixth hypothesis (H6) cannot be supported ([Alleyne et al., 2013](#); [Noor & Mansor, 2019](#)). Professional skepticism is not able to moderate the effect of whistleblowing on the auditor's ability to detect fraud, which can be attributed to several reasons, namely the first possibility is due to the "chasing the target" phenomenon, namely the auditor receives many assignments originating from the whistleblowing system report which must be followed up so that it is likely to make the auditor reduce his skepticism in carrying out inspections ([Pattiasina et al., 2019](#)). The second possibility is caused by earlier detection of fraud through the whistleblowing system mechanism which is not followed up by the auditor because the information provided through the incoming complaint report from the whistleblowing system is not included in the auditor's expertise so the impact is that the auditor will reduce his skepticism as expressed by [Prayoga & Sudaryati \(2020\)](#), that fraud will not be detected by auditors who do not have expertise. The results of this study are in line with research conducted by ([Gracia & Kurnia, 2021](#)).

Furthermore, the control variable used in this study is the experience variable. The test results show that experience has a positive effect on the auditor's ability to detect fraud. The higher the auditor's working hours, the more experience he has. The auditor's experience makes the auditor more proficient in detecting fraud that occurs because the auditor is familiar with the signs of fraud found in the examination. The results of these findings are consistent with the research by [Alsughayer \(2021\)](#), which found that experience as a control variable has a positive effect on the auditor's ability to detect fraud.

Conclusion

The results of this study indicate that competence, independence, and whistleblowing affect the auditor's ability to detect fraud. In addition, professional skepticism can strengthen the effect of competence and independence on the auditor's ability to detect fraud, while professional skepticism is unable to moderate the effect of whistleblowing on the auditor's ability to detect fraud. The theoretical implication of this research is to be able to provide empirical evidence regarding the Attribution Theory. The results of this study indicate that a person's attitude or guidelines will greatly influence that person's behavior. As shown in this study that to improve the auditor's ability to detect fraud, an auditor must have competence, independence, professional skepticism, and good whistleblowing support. The practical implication of this research is for auditors that every audit implementation is always based on an attitude of independence and professional skepticism as well as increasing their competence to have a high ability in detecting fraud. The policy implications of this research are for regulators at the Inspectorate General of the MPWH, the results of this study are expected to be useful for formulating policies related to the assignment of auditors, one of which is assigning auditors who have high competence in the field of auditing so that the ability to detect fraud is also getting better. so that every audit implementation is always based on an attitude of independence and professional as well as increasing competence so that they have a high ability to detect fraud. The policy implications of this research are for regulators at the Inspectorate General of the MPWH, the results of this study are expected to be useful for formulating policies related to the assignment of auditors, one of which is assigning auditors who have high competence in the field of auditing so that the ability to detect fraud is also getting better. so that every audit implementation is always based on an attitude of independence and professional skepticism as well as increasing competence so that they have a high ability to detect fraud. The policy implications of this research are for regulators at the Inspectorate General of the MPWH, the results of this study are expected to be useful for formulating policies related to the assignment of auditors, one of which is assigning auditors who have high competence in the field of auditing so that the ability to detect fraud is also getting better.

The limitation of the research is that the questionnaire return rate is not 100% because when the research was conducted, some of the auditors were getting assignments so that the questionnaire could not be filled in optimally. For further research, it is suggested to provide more time and choose an effective time to distribute the questionnaires as well as a more intensive approach so that the highest possible rate of return of the questionnaires can be obtained. In addition, further researchers are advised to explore other external factors, such as making workload a variable that is tested for its effect on the auditor's ability to detect fraud.

Acknowledgements

This paper is part of the requirements for completing the Master of Accounting Study Program, at Universitas Brawijaya.

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